

**HOWARD COUNTY POLICE AND FIRE EMPLOYEES' RETIREMENT PLAN
HOWARD COUNTY RETIREMENT PLAN**

JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES

May 31, 2019

A joint meeting of the Retirement Plan Committees for the Howard County Police and Fire Employees' Retirement Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan") (jointly, the "Plans") was scheduled for Friday, May 31, 2019 at 9:00 a.m. in the Columbia/Ellicott City Room at the George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043.

Police and Fire Plan:

Members Present:

Chief Administrative Officer: Lonnie Robbins
Director of Finance: Janet Irvin
Budget Director: Holly Sun
Representative, Police Department Supervisory Employees:
 Jason Luckenbaugh
Representative, International Association of Firefighters, Local 2000:
 Richard Ruehl

Members Absent

Human Resources Administrator: Wanda Hutchinson
Representative, Fire and Rescue Supervisory Employees:
 Vincent Baker
Representative, Howard County Police Officers' Association, Lodge 21:
 Craig Hoover

Employees Plan:

Members Present:

Chief Administrative Officer: Lonnie Robbins
Deputy Director of Finance: Angie Price
Budget Director Designee: Janssen Evelyn

Members Absent

Human Resources Administrator: Wanda Hutchinson
Employee Representative: Jeff Bronow
Representative, American Federation of State, County and
Municipal Employees Local 3080: Kim Drennon
Representative, American Federation of State, County and Municipal
Employees Local 3085: Dale R. Chase

Also present for all or a portion of the meeting were:

Steve Peters, County Auditor's Office
Lori Buchman, Department of Finance
Sima Taghavi, Department of Finance
Margaret Belmondo, New England Pension Consultants (NEPC)
William Forde, New England Pension Consultants (NEPC)
Teresa M. Reider, Retirement Coordinator
Paul W. Madden, Whiteford, Taylor & Preston L.L.P.
Scott Southern, Assistant Retirement Coordinator
Jamar Herry, Office of Law
Ken Barnes, Pension Oversight Commission

Lonnie Robbins acted as Chair of the meeting and Paul Madden acted as Secretary.

Lonnie noted that the Committee for the Employees Plan did not have a quorum; therefore, the meeting continued with the Committee for the Police and Fire Plan only. Lonnie further noted that the Subcommittee on Portfolio Monitoring, which met the previous week, is developing an RFP for Portfolio Monitoring Services. The Risk Assessment Committee is scheduled to meet on June 3. Lonnie also noted that the Baillie Gifford presentation was mistakenly listed as a closed session. This portion of the meeting will be open to the public.

Sima Taghavi presented the Statement of Revenues and Expenses, Budget vs. Actual for the Employees Plan as of March 31, 2019. Sima noted that member contributions were slightly above budget because of some rollovers. In addition, investment income was lower than the amount budgeted because of lower than expected investment returns. Investment services and custodian fees were slightly below budget while actuarial services and attorney fees were above budget. Sima also reviewed the Statements of Fiduciary Net Position March 31, 2019 and June 30,

2018 and changes in Fiduciary Net Position for the same period. The total assets for the Employees Plan as of March 31, 2019 is \$459 million (rounded).

Next, Sima reviewed the Statement of Revenues and Expenses, Budget vs. Actual as of March 31, 2019 for the Police and Fire Plan. Employer contributions and member contributions were close to budget. As with the Employees Plan, investment income was lower than expected. Under administrative expenses, attorney's fees and fees for actuarial services were both higher than expected. Sima also reviewed the Statements of Fiduciary Net Position and Changes in Fiduciary net position for periods ending March 31, 2019 and June 30, 2018. As of March 31, 2019, The Police and Fire Plan held assets in the amount of \$593 million (rounded).

Next, Margaret Belmondo presented the NEPC Quarterly Investment Performance Review. Margaret indicated that the quarter ending March 31, 2019 was a good quarter for the markets generally and for the Plan. The Plan returned 6.6% for the quarter; the fiscal year-to-date return was 3.5%. For the three, five and 10 year periods ending March 31, 2019, the Plan returned 9.1%, 6.7% and 10.5% respectively. Margaret noted that the large cap composite underperformed the benchmark but was above median.

Next Will Forde reviewed the monthly performance report as of April 30, 2019. Will noted that the total fund returned 2% for the month as compared with the policy index performance of 1.4% and the allocation index return of 1.5%. Will also noted that the Plan probably gave the 2% back in May of 2019.

Next, Eoin Anderson and Larysa Bemko of Baillie Gifford provided a presentation on the investment philosophy and performance of the EAFE Pure Fund. This is an international equity fund concentrating on developed markets. In May of 2018, the Master Trust allocated \$65 million to the Baillie Gifford EAFE Pure Fund.

The portfolio contains from 50 to 90 stocks, Baillie Gifford are very long-term investors with very low turnover and very few tactical moves. Since inception, the Fund has returned 3.74% as compared with the benchmark performance of 3.16%. After completing their presentation and addressing questions and comments from the members of the Committees and consultants, Mr. Anderson and Ms. Bemko left the meeting.

Margaret Belmondo and Will Forde suggested revising the approach on manager visits. Currently, manager visits are coordinated with the level of risk. Margaret suggested that because NEPC visits with the Master Trust's managers regularly, the Committee should consider seeing the managers only if there is a

reason. NEPC could make a presentation on highlighted managers where there is no reason for a manager visit. Will and Margaret asked to review the current risk policy to determine whether changing the approach to manager visits would require a revision to the policy.

There being no further business, the meeting adjourned.

Respectfully submitted,

Paul Madden

Paul W. Madden
Secretary of the Meeting

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**EXHIBITS
TO
MINUTES OF HOWARD COUNTY POLICE AND FIRE EMPLOYEES'
RETIREMENT PLAN
AND HOWARD COUNTY RETIREMENT PLAN
JOINT MEETING OF THE RETIREMENT PLAN COMMITTEES**

May 31, 2019

1. Statement of Revenues and Expenses, Budget vs. Actual for the Employees Plan as of March 31, 2019.
2. Statements of Fiduciary Net Position March 31, 2019 and June 30, 2018.
3. Statement of Revenues and Expenses, Budget vs. Actual as of March 31, 2019 for the Police and Fire Plan.
4. Statements of Fiduciary Net Position and Changes in Fiduciary net position for periods ending March 31, 2019 and June 30, 2018.
5. Presentation by NEPC - First Quarter 2019 Executive Summary - Howard County Retirement Plans - May 31, 2019.
6. Presentation by NEPC - Monthly Performance Report - Howard County Retirement Plans - April 30, 2019.